GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:49
ANSWERED ON:23.02.2001
TARGET FIXED FOR DISINVESTMENT
DR. KIRIT SOMAIYA

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government would be able to achieve the target of Rs 10,000 crore for disinvestment before March 31, 2001:

(b) the steps being taken by the Government to achieve the target:

(c) the relaxations the Government have given for the disinvestment of VSNL, Air India and Indian Airlines:

(d) whether the Government propose to involve the employees and the investors in this process:

(e) if so, the details thereof: and

(f) the target fixed for disinvestment for the year 2001-2002?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF STATE IN THE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARTMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) to (f) A statement is laid on the Table of the house.

The statement referred to in reply to the Lok Sabha Starred Question No. 49 for 23.2.2001regarding `Target Fixed for Disinvestment` by Shri Kirit Somaiya

(a) & (b) No, Sir. The process of disinvestment is in different stages of implementationin several public sector undertakings. Disinvestment is carried out as per a prescribed procedure. The timing of disinvestment in a company depends on several factors including market conditions, financial performance of the company, interest shown by the investors/buyers, finalisation of the terms and conditions of the sale by the Government, advice rendered by the professional advisor to the Government etc.

(c) To invite better interest from bidders and to get better price for the stake offered, Government considers granting certain benefits like continuation of the preference for getting orders by the PSU even after disinvestment for a limited time. Such terms andconditions at which the disinvestment is made by the Government are incorporated in the Share-purchase Agreement and the Shareholders Agreement. Government has not finalised these agreements in case of Air India, Indian Airlines and VSNL disinvestments.

(d) & (e) It has been decided to disinvest 1.97% shares of VSNL and upto 10%shares of Air India in favour of their employees. It has also been decided to disinvest 25% shares of Indian Airlines in favour of the domestic financial institutions, employees and other investors.

(f) No target for disinvestment for the year 2001-2002 has yet been fixed.